

## **Changes to Medi-Cal and Other Low-Income Health Programs in the 2015-16 State Budget**

June 30, 2015

The Governor signed AB 93 and SB 97, the Budget Act of 2015, as well as SB 75, the Health Omnibus Trailer Bill, on June 24, 2015. This budget has \$14 billion more in revenue than anticipated last year. The bulk of this windfall went to Proposition 98,<sup>1</sup> the Rainy Day Fund, and the Budget Stabilization Account leaving very little new investments to reduce poverty in the state. General Fund spending for Health and Human Services comprises over 31% of the budget or \$52 billion, an increase of over \$3 billion from last year. The budget, which goes into effect on July 1, 2015, enacts the following changes affecting low-income health care consumers:

- **Expands full-scope Medi-Cal for all children (Health4AllKids).** Undocumented immigrants currently have limited access to comprehensive health coverage. They can receive services from safety net providers, community clinics, and hospitals, but such services are generally limited to episodic, urgent or emergency care. Under the budget, all children up to age 19, regardless of immigration status, will be eligible for full-scope Medi-Cal with family income up to 266% FPL (\$53,440 per year for a family of three) paid for by state funds.<sup>2</sup> &<sup>i</sup> While the budget is effective July 1, 2015, this expansion will be implemented no sooner than May 1, 2016 after system changes have been implemented. This population will be required to enroll directly in a Medi-Cal managed care plan.<sup>ii</sup>
- **Recognizes Presidential Immigration Actions.** Under current state law, immigrants granted deferred action under the President's executive order qualify for Permanent Residence Under Color of Law (PRUCOL) status. Therefore, similar to Deferred Action for Childhood Arrivals (DACA), these individuals newly granted deferred action will also be eligible for state-funded full-scope Medi-Cal if they are income eligible. The budget includes partial-year costs of \$20.9 million (\$16.8 million General Fund) for Medi-Cal for qualified individuals, rightly presuming the courts will allow the federal government to proceed with implementing the executive actions beginning October 2015.
- **Increases Dental Provider Payment.** The 2013-14 budget reduced payments by 10% to certain Medi-Cal providers in September 2013, with the reduction being retroactive to June 2011. The budget eliminates the 10% Medi-Cal payment reductions for dental providers effective July 1, 2015. This follows the California State's Auditor's report which found that

<sup>1</sup> California voters enacted Proposition 98 in 1988 as an amendment to the State Constitution to establish a minimum annual funding level for K-14 schools (K-12 schools and community colleges). The Proposition 98 calculation increases the prior-year's Proposition 98 funding level by the growth in K-12 attendance and growth in the economy, but the actual amount the state is required to spend on Proposition 98 each year depends on how well the economy is performing.

<sup>2</sup> Children with family income up to 160% of FPL qualify for full-scope Medi-Cal with no premiums whereas children with family income above 160% FPL and up to 266% FPL are eligible for full-scope Medi-Cal with a monthly premium of \$13 per child, up to \$39 per family.

56% of children with Denti-Cal have not seen a dentist in the past 12 months.<sup>3</sup> Estimated cost is \$30 million General Fund.

- **Health Home Program.** In 2013, Western Center co-sponsored and the Governor signed AB 361 (Mitchell) which would allow California to draw down federal funds for “health home services” that provide comprehensive case management, hospital discharge planning, and connection to social services for chronically ill, hard to treat populations. The budget provides DHCS with the authority to establish a Health Home Program Account in order to collect and allocate non-state funds to implement this program.<sup>iii</sup> The budget includes \$61.6 million in grant funds for additional payments to health plans that participate in the Health Homes Program beginning January 2016.
- **Medi-Cal Enrollment Application Assistance Payments.** The budget reallocates \$14 million in remaining funds for Medi-Cal application assistance payments for eligible applications submitted through June 30, 2015 to county outreach and enrollment grants and extends the date by which county outreach and enrollment grant funds can be spent from June 30, 2016 to June 30, 2018.<sup>iv</sup>
- **Coordinated Care Initiative (CCI) Multipurpose Senior Services Program (MSSP) Transition Timeline.** The budget extends the date in which MSSP transitions from a federal waiver to a managed care benefit for the seven CCI counties (Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Mateo, and Santa Clara). The budget extends the date from January 1, 2015 or 19 months after MSSP enrollment into managed care to December 31, 2017 but would allow an earlier transition if MSSP site and managed care plan mutually agree they are ready. If CCI is terminated, MSSP would revert to a waiver benefit.<sup>v</sup>
- **CalHEERS Electronic MAGI Determination.** The budget removes the sunset provision of July 1, 2015 to allow for continued electronic determinations of Medi-Cal eligibility through CalHEERS (the California Healthcare Eligibility, Enrollment and Retention System).<sup>vi</sup>
- **Eliminate Medi-Cal Nonemergency Emergency Room Copay.** In 2011, the Administration sought waiver authority from CMS to require copays for all Medi-Cal beneficiaries, including \$5 for doctor visits, \$3-5 for prescriptions, \$100-200 for hospital stays, and \$50 for all emergency room visits. The federal government rejected that proposal but the budget maintained statutory reference to these copays in 2012. These copays have never been implemented, and the budget eliminates the statutory references to implement these copays.<sup>vii</sup>
- **Limited Benefit and Special Populations Programs Enroller Education.** The budget requires enrolling providers who participate in Every Woman Counts (EWC), IMProving Access, Counseling, and Treatment for Californians with Prostate Cancer (IMPACT), and Family Planning Access Care and Treatment (FPACT) to provide to the enrolling individuals information on how to apply for Medi-Cal, Covered California and the Medi-Cal Access Program.<sup>viii</sup> The budget does not require individuals in the Genetically Handicapped Persons Program (GHPP) to enroll in Medi-Cal or Covered California, if eligible, and to

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<sup>3</sup> California State Auditor. “California Department of Health Care Services: Weaknesses in its Medi-Cal Dental Program Limit Children’s Access to Dental Care.” December 2014. Accessed at: <https://www.auditor.ca.gov/pdfs/reports/2013-125.pdf>.

limit GHPP services to specialized services not provided by other health coverage as originally proposed by the Administration.

- **Medi-Cal Office of the Ombudsman.** The budget provides DHCS’s Medi-Cal Managed Care Office of the Ombudsman with nine additional full-time positions for two years. The office assists Medi-Cal enrollees with issues related to their managed care plan. This will not result in a net increase in staff but will replace staff that had been temporarily redirected to assist with the call volume on a limited term basis.
- **Annual Health Care Service Plans Timeliness Standards.** The budget provides 25 positions to the Department of Managed Health Care to address the increased workload resulting from the implementation of SB 964 (Hernandez) which increased oversight of health plans with respect to compliance with timely access and provider network adequacy standards.
- **Child Health and Disability Prevention (CHDP) Program Dental Referral.** The budget requires CHDP programs and providers to refer all Medi-Cal-eligible children participating in CHDP who are one year of age and older to a dentist participating in the Medi-Cal program, rather than at age three.<sup>ix</sup>
- **Office of System Integration.** The budget requires the Office of Systems Integration to report to the Legislature by April 1, 2017 on the feasibility, benefits, costs, and risks of installing the Modified Adjusted Gross Income (MAGI) Eligibility Decision Engine in one, two, or all of the Statewide Automated Welfare Systems (SAWS) Consortia systems.
- **Hepatitis C Linkage to and Retention in Care Projects.** The budget establishes hepatitis C linkage to care demonstration pilot projects for three years to allow for innovative, evidence-based approaches to provide outreach, Hepatitis C screenings, and linkage to, and retention in, quality health care for the most vulnerable and underserved individuals living with or at risk for Hepatitis C viral infection.<sup>x</sup>
- **Covered California Regulatory Authority.** The budget makes technical amendments to extend Covered California’s current emergency regulations rulemaking authority for an additional year until January 1, 2017 and extends Covered California’s ability to readopt emergency regulations until January 1, 2020 for emergency regulations adopted prior to the effective date of the Budget Act of 2015.<sup>xi</sup>

Several items advocates pushed for were ultimately not included in the budget, including:

- **No Action to Restore Adult and Other Critical Medi-Cal Benefits.** In 2009, adult dental benefits, along with other critical Medi-Cal benefits including glasses, podiatry, speech therapy, audiology, incontinence cream and washes, acupuncture, and chiropractor services were cut through a “trigger” mechanism due to the state’s budget crisis. In 2014, the Legislature partially restored adult dental services except gum treatment, partial dentures, and certain crowns. This year the conference committee voted to fully restore adult dental and other critical Medi-Cal benefits, but the final budget did not reflect this restoration.

- **No Medi-Cal Capped Program for Undocumented Adults.** The conference committee included \$1 million to begin to look at developing a capped program for all adults, regardless of immigration status, if income-eligible for Medi-Cal, but the final budget did not include this.
- **Continue Medi-Cal Estate Recovery Beyond Federal Requirement.** The Legislature and Governor did not limit Medi-Cal estate recovery to what is federally required despite the current policy raising equity concerns and acting as an enrollment barrier to sign-up for Medi-Cal.

**Special Session: Managed Care Organization (MCO) Tax and Provider Rates.** The Governor issued proclamations for two special sessions to deal with transportation and health care, specifically the MCO tax. Recent federal guidance indicates that California cannot renew a tax on Medi-Cal managed care plans that dates back to 2005 due to the narrow target of the tax. The special session will attempt to broaden the application of the MCO tax from Medi-Cal managed care plans to all managed care plans to address federal concerns. Included in this special session will be a discussion of rates for Medi-Cal fee-for-service providers and developmental disability service providers as well as funding to support the restoration of IHSS hours to consumers. The budget includes a one-time General Fund augmentation of \$226 million in 2015-16 to restore IHSS service hours, but an ongoing funding source will need to be addressed through the special session. Both the Assembly and Senate have announced committee membership for special session, which is expected to run concurrently with legislative session, but more details are to come.

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<sup>i</sup> Cal. Welf & Inst Code §§14007.8; 14005.26.

<sup>ii</sup> Cal. Welf & Inst Code §14007.8

<sup>iii</sup> Cal. Welf & Inst Code § 14127.7

<sup>iv</sup> Section 5 of Chapter 361 of the Statutes of 2013

<sup>v</sup> Cal. Welf & Inst. Code §14186

<sup>vi</sup> Cal. Welf & Inst. Code §14015.5(i)

<sup>vii</sup> Cal. Welf & Inst. Code §14134

<sup>viii</sup> Cal. Health and Safety Code §§104150(a)(2); 104322(b)(2) and Cal. Welf & Inst. Code § 24005(u).

<sup>ix</sup> Cal. Welf & Inst. Code §124040(a)(6)(D).

<sup>x</sup> Cal. Health and Safety Code §122425.

<sup>xi</sup> Cal. Government Code §100504.